

Message Text

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PAGE 01 CAIRO 08483 01 OF 02 191743Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----191807Z 088556 /41

R 191550Z MAY 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 5236
INFO AMCONSUL ALEXANDRIA
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

C O N F I D E N T I A L SECTION 1 OF 2 CAIRO 8483

EXDIS

E.O. 11652: GDS
TAGS: EINV, EG
SUBJECT: FORD PROJECT

REF: CAIRO 8185

1. OUROUSSOFF CALLED ON ECONCOUN MAY 19 TO REPORT ON HIS MEETING EARLIER THAT DAY WITH EL NAZER, DELAYED ONE DAY IN RESPONSE TO LATTER'S REQUEST. PURPOSE WAS TO PERMIT OUROUSSOFF TO DELIVER DRAFT OF LETTER FROM GOE REQUIRED TO IMPLEMENT MAY 8 AGREEMENT (REFTEL).

2. MEETING WAS QUITE SHORT AND CONSISTED MERELY OF DISCUSSION OF ONE OR TWO MINOR POINTS RELATED TO DRAFT (TEXT GIVEN BELOW). EL NASSR TOLD OUROUSSOFF THAT SIGNED LETTER WOULD BE AVAILABLE WITHIN ONE WEEK. THERE WAS NO DISCUSSION, HOWEVER, OF WHO WOULD SIGN ON BEHALF OF GOE.

3. TEXT OF DRAFT LETTER (TO WILLIAMS OF FORD): "THIS WILL REFER TO THE "MEMORANDUM OF AGREEMENT FOR THE IMPLEMENTATION
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OF FORD MOTOR COMPANY PRODUCT IN EGYPT" WHICH HAS BEEN SIGNED IN CAIRO ON MAY 9, 1977, BU THE LAWFUL REPRESENTATIVES OF BOTH FORD MOTOR COMPANY AND THE EGYPTIAN GOVERNMENT AS WELL AS TO THE "CONCLUSIONS OF MEETING" HELD IN PARIS ON MAY 10, 1977.

THE AFOREMENTIONED TWO DOCUMENTS ASSERTED THAT THE ARAB AND FOREIGN INVESTMENT AND FREE ZONES AUTHORITY APPROVED FORD

PROPOSED PROEECT TO MANUFACTURE DIESEL ENGINES AND TRUCKS IN EGYPT WHICH WILL HAVE AN INITIAL ANNUAL CAPACITY OF 20,000 ENGINES TO BE INCREASED TO 50,000 ENGINES ANNUALLY AS REQUIREMENTS INCREASE, AS WELL AS, 10,000 TRUCKS BY A JOINT VENTURE CONSISTING OF FORD MOTOR COMPANY, THE GOVERNMENT OF EGYPT AND OTHER ARAB PARTNERS. THEY ALSO ASSERTED THAT THE APPROVAL OF THE FOREIGN INVESTMENT AND FREE ZONES AUTHORITY WAS BASED ON THE DETAILS, DESCRIPTIONS AND CONDITIONS CONTAINED IN THE DOCUMENTS SUBMITTED TO THE EGYPTIAN AUTHORITIES BY FORD MOTOR COMPANY AS LISTED IN THE MEMORANDUM OF AGREEMENT SIGNED ON MAY 9, 1977.

INASMUCH AS BOTH PARTIES CONDITIONED THE EFFECTIVENESS OF THE AFORESAID MEMORANDUM OF AGREEMENT, WHICH WAS SIGNED ON MAY 9, 1977, UPON APPROVAL BY THE SUITABLE AUTHORITIES ON BOTH SIDES, THE EGYPTIAN GOVERNMENT HEREBY DECLARES ITS FINAL APPROVAL TO THE SAID MEMORANDUM OF AGREEMENT, AND TO THE CONCLUSIONS REACHED AT THE PARIS MEETING OF MAY 10, 1977.

FORD MOTOR COMPANY CAN NOW PROCEED WITH THE IMPLEMENTATION OF ITS APPROVED PROJECT WITH FORD EGYPT IN ALEXANDRIA, MAY IMMEDIATELY START THE PRODUCTION OF TRUCKS AS WELL AS THE IMPORTATION OF FORD PRODUCTS WITHIN THE CONSTRAINTS OF PREVAILING IMPORT ORDINANCES AND REGULATIONS.

IN ORDER TO AVERT ANY OBSTACLES THAT MAY HINDER THE SMOOTH IMPLEMENTATION OF THE PROGRAM OR MAY DELAY THE DESIRED IMMEDIATE REACTIVATION OF FORD EGYPT IN ALEXANDRIA, THE EGYPTIAN GOVERNMENT SHALL FORTHWITH ARRANGE TO PUBLISH IN THE OFFICIAL GAZETTE THE APPROPRIATE MINISTERIAL DECISION REQUIRED TO REVOKE MINISTERIAL CONFIDENTIAL

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DECISION NO. 41 OF 1967 (OFFICIAL GAZETTE NO. 44 OF APRIL 8, 1967), AND OTHER DECISIONS RELATED THERETO WHICH IMPOSED BAN ON THE PROJECTS PRODUCED BY FORD MOTOR COMPANY OR BY ANY OF ITS SUBSIDIARIES AND AFFILIATED COMPANIES.

IT IS NOW TIME FOR BOTH SIDES TO MEET WITH THE AIM TO NEGOTIATE AND FINALLY SETTLE THE OPEN ISSUES WHICH ARE STILL PENDING. YOUR SUGGESTION AS TO THE DATE, PROCEDURES AND AGENDA FOR THE HOLDING OF SUCH A MEETING WILL BE APPRECIATED. THE EGYPTIAN GOVERNMENT HAS APPOINTED DR. ABDEL GAZARIN, CHAIRMAN OF EL NASR AUTOMOTIVE MANUFACTURING COMPANY, TO ACT AS THE OFFICIAL THROUGH WHOM FORD WILL CONDUCT FUTURE NEGOTIATIONS FOR THE IMPLEMENTATION OF THE PROJECT."

4. "CONCLUSION OF MEETING" REFERRED TO IN PARA 1 OF DRAFT LETTER IS DOCUMENT EARLIER REFERRED TO AS MEMORANDUM OF UNDERSTANDING, SIGNED IN PARIS. ITS TEXT IS AS FOLLOWS:

"DURING A MEETING IN PARIS ON MAY 10, 1977 WHICH WAS ATTENDED

BY:

HIS EXCELLENCY DR. ABDUL MONEIM EL KAISOUNI

HIS EXCELLENCY DR. HAMID EL SAYEH

HIS EXCELLENCY DR. ABDEL RAZEK ABDEL MEGUID

DR. ALY GAMAL EL NAZER

MR. EDSON P. WILLIAMS

MR. WAYNE FREDERICKS

IT WAS AGREED THAT THE FOLLOWING STEP IS REQUIRED, AT THE EARLIEST POSSIBLE DATE, TO START IMPLEMENTATION OF THE FORD MOTOR COMPANY PROJECT IN EGYPT.

A COVERING NOTE TO THE MEMORANDUM OF AGREEMENT FOR THE IMPLEMENTATION OF FORD MOTOR COMPANY PROJECT IN EGYPT, WHICH WAS SIGNED IN CAIRO, ON MAY 9, 1977, BY DR. ADEL I. GAZARIN AND EDSON P. WILLIAMS, WILL BE SIGNED BY APPROPRIATE HIGH LEVEL AUTHORITY AND WILL BE SENT TO FORD MOTOR COMPANY DURING THE WEEK BEGINNING MAY 14, 1977. THE NOTE WILL INCLUDE THE FOLLOWING:

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(1) ACKNOWLEDGING THE APPROVAL OF THE FORD PROJECT BY THE ARAB AND FOREIGN INVESTMENT AND FREE ZONE AUTHORITY ON MARCH 27, 1977:

(2) ACKNOWLEDGING THE VALIDITY OF THE ABOVE-MENTIONED AGREEMENT (MEMORANDUM OF AGREEMENT, MAY 9, 1977); AND

(3) INFORMING FORD THAT DR. ADEL I. GAZARIN, CHAIRMAN OF EL-NASR AUTOMOTIVE MANUFACTURING COMPANY IS THE EGYPTIAN OFFICIAL THROUGH WHOM FORD WILL CONDUCT FUTURE NEGOTIATIONS FOR THE IMPLEMENTATION OF THE PROJECT.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W

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FM AMEMBASSY CAIRO

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INFO AMCONSLL ALEXANDRIA

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C O N F I D E N T I A L SECTION 2 OF 2 CAIRO 8483

EXDIS

IT WAS RECOGNIZED THAT THIS OFFICIAL ACTION ON THE PART OF THE GOVERNMENT OF EGYPT IS REQUIRED IN ORDER TO ENABLE FORD TO START CONDUCTING OPERATIONS PROMPTLY I EGYPT, BY INSURING THAT ALL APPROPRIATE LEVELS OF THE EGYPTIAN GOVERNMENT INVOLVED IN SUCH OPERATIONS ARE AWARE THAT FORD MOTOR COPANY IS RELEASED FROM THE BOYCOTT IN EGYPT, AS THE NEXT STEP, AND IN ORDER TO PERMIT FORD TO PURSUE WITH CREDIBILITY AND EFFECTIVENESS THE ACQUISITION OF OTHER ARAB PARTNERS, A PROCESS WHICH IS ALREADY UNDER WAY.

TENTATIVE AGREEMENT WAS REACHED THAT APPROPRIATE SHARES OF EQUITY IN THIS JOINT VENTURE ARE APPROXIMATELY AS FOLLOWS:

GOVERNMENT OF EGYPT.....30 PERCENT

FORD MOTOR COMPPANY.....30 PERCENT

OTHER ARAB PARTNERS..... 40 PERCENT

IT WAS AGREED THAT PARTNERS, WITH AN INCENTIVE FOR SUCCESS OF THE PORJECT, BEYOND A PROFIT MOTIVE ALONE, SHOULD BE SOLICITED. WE DISCUSSED THE FOLLOWING:

PARTNERS AND POTENTIAL PARTNERS	INTEREST
FORD MOTOR COMPANY	INTERESTED IN OVERALL SUCCESS

GOVERNMENT OF EGYPT	INTERESTED IN OVERALL
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	SUCCESS
ARAB INVESTMENT COMPANY	INTERESTED IN INDUSTRIALIZATION
ARAB DISTRIBUTORS OF FORD	INTERESTED IN SALES OF JOINT VENTURE PRODUCTS
IRAQ/EGYPT	INTERESTED IN POSSIBLE PART PRODUCTION FOR JOINT VENTURE AND IN JOINT VENTURE PRODUCTS THROUGH ARAB COMMON MARKET AGREEMENT.

THE SPECIFIC BY-LAWS OF THE JOINT VENTURE WILL DEAL IN DETAIL WITH ALL THE RELATIONSHIPS OF THE PARTNERS. DR. NAZER WAS DESIGNATED AS THE EGYPTIAN OFFICIAL TO WORK WITH FORD BEGINNING NEXT WEEK ON (1) THE PREPARATION OF THE APPROPRIATE LETTER, 2) THE PREPARATION OF A CONTRACT, AND (3) OTHER FOLLOW-UP ACTIONS. MR. WILKIAMS AGREED TO HAVE APPROPRIATE FORD OFFICIALS AVAILABLE AND IN CONTACT WITH DR. NAZER FOR PROMPT ACTION.

SIGNED BY EDSON P. WILLIAMS."

5. COMMENT: OUROUSSOFF WAS EXTREMELY PLEASED BY BUSINESSLIKE

SESSION WITH EL NAZER, WHO SAID HE ANTICIPATED NO DIFFICULTY
WHATEVER IN HAVING DRAFT LETTER SIGNED. EL NAZER WAS ALSO QUITE
INTERESTED IN REFERENCE TO WINISTERIAL DECREE WHTAT MUST BE
ISSUED IN ORDER TO REMOVE FORD FROM BOYCOTT, AND ASKED OIROUSSOFF
WHOSE RESPONSIBILITY IT WAS. OIROUSSOFF ADVISED THAT MINTRADE
TEWFIK WAS GOE'S MAN FOR THIS FUNCTION AND EL NAZER SAID HE
WOULD FOLLOW UP.

6. DEPARTMENT WIL NOTE THAT DRAFT LETTER PLACES CONSIDERABLE
EMPHASIS ON OFFICIAL REMOVAL OF FORD FROM BOYCOTT. OIROUSSOFF
PONTED OUT, HOWEVER, THE PARAGRAPH WHICH PRECEDES REFERENCE
TO BOYCOTT AUTHORIZES COMPANY TO BEGIN IMLEMNTATION
OF ITS PROJECT, AND HE ANTICIPATES THAT FORD WILL BE SENDING
ENGINEERS TO BEGIN SURVEY OF EXISTING ALEXANDRIA PLANT
FACILITIES, WHILE AWAITING ISSUANCE OF THE DEVREE.
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EILTS

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 19-May-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Source: CORE
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770178-1188
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Litigation History:
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Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 CAIRO 8185
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Feb-2005 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2458675
Secure: OPEN
Status: NATIVE
Subject: FORD PROJECT
TAGS: EINV, EIND, EG, FORD MOTOR CO
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ef425e90-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009